

SOUTHERN ACIDS (M) BERHAD

34TH

**ANNUAL
GENERAL
MEETING**

28 AUGUST 2015





Shareholders' Briefing Information

This briefing is mainly on the summary of the key highlights of the Chairman's Statement and Management Discussion And Analysis ("MDA") as stated in the Company's 2015 Annual Report ("2015 AR").

Information contained in this briefing is solely based on 2015 AR and all other publicly available information such as from Bursa's website.



Presentation Contents

- 1. Southern Acids (M) Berhad (“SAB”) & Its Subsidiaries (“Southern Acids”) Financial Highlights**
- 2. Review Of Business Divisions**
- 3. Prospects**
- 4. Questions & Answers**

SOUTHERN ACIDS

FY2015





SELECTED FINANCIAL HIGHLIGHTS FOR FY2015 And FY2014

	FY2015 (RM'000)	FY2014 (RM'000)	Change
Revenue	562,029	544,055	↑ 3.3%
Profit before tax	43,691	65,577	↓ 33.4%
Profit for the year	34,106	48,178	↓ 29.3%
Profit Attributable to equity holders of the Company	27,521	38,418	↓ 28.4%
Earnings per share	20.1 sen	28.1 sen	↓ 28.5%
Dividend (net)	5.0 sen	5.0 sen	No change



SELECTED FINANCIAL HIGHLIGHTS FOR FY2015 And FY2014

	FY2015 (RM'000)	FY2014 (RM'000)	Change
Total Assets	604,922	583,635	↑ 3.6%
Total Liabilities	65,847	68,472	↓ 3.9%
Net Current Assets	211,364	217,322	↓ 2.7%
Equity Attributable to Shareholders of the Company	493,392	474,571	↑ 4.0%



Group's Revenue And Profit Before Tax ("PBT")

	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	562,029	544,055	17,974	3.3
PBT	43,691	65,577	(21,886)	33.4

Highlights:-

- 3.3% increase in revenue compared to FYE 31 March 2014 ("FY2014"); and
- 33.4% decrease in PBT compared to FY2014

The Plantation & Milling Division remains the major contributor to Southern Acids' results, contributing more than 50.0% to its bottom line. The Healthcare Division and Oleochemical Division contribute about 20.0% each of the PBT.

**SOUTHERN
ACIDS**

FY2015





Review of Oleochemical Business Divisions

	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	349,850	341,788	8,062	2.4
PBT	9,038	27,869	(18,831)	(67.6)

Highlights:-

- **2.4% increase in revenue which was due to 6.1% higher in average selling price (“ASP”) of fatty acids however sales volume was down by 3.8%; and**
- **Analysis of the RM18.8m decrease in PBT:-**
 - **Operational profit; lowered by RM11.6m which due to lower sales volume and higher operating costs; and**
 - **Other Income; lowered by RM7.2m, out of which RM5.0m came from unrealized other income.**



Prospects Of Oleochemical Division

Highlights:-

- **The plant production is expected to run at near full capacity however its performance is subject to the following:-**
 - **Slowdown in global economy, more so currently;**
 - **rising operating costs such as utilities, labor and compliance;**
 - **keen competition in international markets especially from Indonesia's downstream operators; and**
 - **Volatility in foreign exchange currency rate especially USD/MYR.**

The management is stepping up the plant's efficiency and looking at ways to manage its operation costs as part of the mitigation measures.



Review of Plantation & Milling Division

	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	106,041	113,917	(7,876)	(6.9)
PBT	23,660	34,422	(10,762)	(31.3)

Highlights:-

- 6.9% lower in revenue was mainly due to 6.3% reduction in sales volume and 2.3% lower in ASP;.
- The RM10.8m lower in operational profit was mainly due to the following:-
 - Impact from lower revenue; and
 - Lower sales margin as a results of 8.3% increase in CPO and PK production cost and higher consumption of external FFB.



Prospects Of Plantation & Milling Division

Highlights :-

The performance of this Division is subject to the following:-

- CPO prices;
 - Weather condition;
 - Changes in Indonesian regulations (such as minimum wages & ISPO); and
 - MYR/IDR exchange rate.
-
- Further reduction in the total planted and matured area by approximately 800 hectares in the FY2016 due to replanting program.



Review of Healthcare Division

	FY2015 RM'000	FY2014 RM'000	Variance RM'000	Variance %
Revenue	92,125	76,421	15,704	20.5
PBT	9,306	3,477	5,829	167.6

Highlights:-

- **20.5% and 167.6% increase in revenue and PBT respectively which were due to higher inpatient income from the epidemic outbreak.**



Prospects Of Healthcare Division

Highlights :-

- **The revenue and PBT may be lowered especially if the epidemic outbreak is contained;**
- **The Division is working to bring in more full time consultants to build on its existing core disciplines and the possibility of introducing new disciplines to broaden its revenue base; and**
- **Higher depreciation from the expected CAPEX.**



Prospects Of Southern Acids

**Based on the earlier prospects commentary,
the performance of Southern Acids
will remain challenging
and as such will continue to take necessary steps
to maintain good financial performance
for the current FY2016**

**Thank
You !**

